

CENTRAL GARAGE FUND

Description: The Central Garage Fund is one of the Village's internal service funds and is used to account for the revenues and expenses related to the purchase and maintenance of vehicles and related equipment for all Village Departments.

Fund Structure

The Central Garage Fund is an internal service fund which means the revenues, expenses, transfers, and changes in net assets are accounted for in accordance with full accrual accounting methods (*please see the Basis of Budgeting section on Pages 30-31 for a more thorough description of modified accrual accounting*). Instead of a Fund Balance, the Central Garage Fund utilizes Net Assets as the indicator of accumulated Fund equity; Net Assets are equal to total assets (including all capital assets) less total liabilities.

Determination of a balanced budget in the Central Garage Fund is based on whether the Fund maintains Net Assets, less capital assets, that are higher than the minimum required for the future replacement of vehicles and equipment plus three months of operating expenses. The Central Garage Fund includes an equipment replacement component which the Village utilizes to replace vehicles and related equipment. Positive or negative changes in Net Assets in any one particular year are not indicative of the financial condition of the Fund as this change may be the result of additions or subtractions from the vehicle and equipment replacement portion of Net Assets. Additions or subtractions to the vehicle and equipment replacement portion of Net Assets are dependent on the number and cost of vehicles and equipment to be purchased in one year offset by the Interfund Charges revenue received for vehicle and equipment replacement.

Analysis of Revenues and Expenses

The 2005 Budget includes \$1,015,713 in estimated revenues for the Central Garage Fund, a decrease of \$108,785 (9.67%) from the 2004 revenue estimate of \$1,124,498 but an increase of \$199,762 (24.48%) from projected 2004 actual revenues of \$815,951. The 2006 Budget includes \$864,728 in total revenues for the Fund, a decrease of \$150,958 (14.86%) from the 2005 revenue estimate.

- Charges for Services revenue is estimated to decrease \$86,225 (48.38%), from \$178,225 in 2004 (projected actual) to \$92,000 in 2005. In 2006, Charges for Services are projected to remain stable at \$92,000. The decrease in 2005 is caused by a reduction in revenues from the Barrington Countryside Fire Protection District. In 2004, several large purchases for the Fire Department occurred, including the purchase of an ambulance and a fire apparatus. The cost of these expenses is shared by the Village and District and revenues in 2004 are reflective of the District reimbursement to the Village for its portion of these expenses. In 2005 and 2006, one ambulance and one vehicle will be purchased in each year and the revenues in both years reflect the District's allocation of costs for these vehicles.
- Miscellaneous revenues are estimated to increase \$17,735 (54.67%), from \$32,440 in 2004 to \$50,175 in 2005. Miscellaneous revenues are estimated to increase a further \$8,700 (17.34%) in 2006 to \$58,875. Miscellaneous revenues are the result of sales of vehicles and equipment that have reached the end of their useful lives and are being replaced. In 2005 and 2006, vehicles and equipment with higher residual values at the end of their useful lives (*when compared to previous years*) will be sold by the Village.
- Revenue from Interfund Charges is estimated at \$811,038 in 2005, an increase of \$244,502 (43.16%) from 2004 projected revenues of \$566,536. In 2006, Interfund Charges are estimated to decrease \$159,685 (19.69%) to a total of \$651,353. The increase in 2005 is the result of a reduction in the transfers for equipment replacement from the other Operating Funds of the Village that occurred in 2004. This reduction was initiated to help balance the General Fund Budget and was originally anticipated to be a one-time occurrence. The decrease in 2006 is also caused by a reduction in the transfer for equipment replacement as once again it was necessary to reduce this transfer to assist in balancing the budgets of the Operating Funds.

- Investment Income is expected to increase \$23,750 (61.29%) in 2005, from \$38,750 in 2004 (projected actual) to \$62,500 in 2005. In 2006, this revenue source is expected to remain stable at \$62,500. The increase in 2005 is projected to occur because interest rates are expected to continue increasing, thereby producing additional investment income from purchases of Federal Agency Bonds and Certificates of Deposit. The increase in interest rates will also have a positive effect on the Village's return from its money market account (*the Illinois Funds Account managed by the State of Illinois Treasury*).

The 2005 Budget includes \$475,024 in budgeted expenses for Central Garage, a decrease of \$8,671 (1.79%) from the 2004 Budget of \$483,695 and a decrease of \$5,319 (1.11%) from the projected 2004 actual of \$480,343. The 2006 Budget includes \$473,687 in total expenses for the Fund, a decrease of \$1,337 (.28%) from 2005 budgeted expenses.

- The 2005 Public Works Department budget will increase \$43,979 (10.70%), from an amended budget of \$411,145 in 2004 to a proposed expenditure budget of \$455,124 in 2005. In 2006, the Public Works budget will increase an additional \$12,163 (2.67%) from \$455,124 to \$467,287 in 2006. The increase in 2005 is caused by increases in Personnel Services and Operating Expenses. Personnel Services increase in 2005 due to a rise in costs for salaries, health insurance premiums, and IMRF pension contributions. Operating Expenses increase due to an increase in Commodities caused by increases in various accounts including Oil and Gas. The 2006 increase is caused by an increase in Personnel Services due to a rising costs for salaries and fringe benefits.
- The 2005 Non-Capital Equipment budget will decrease from \$72,550 in 2004 to \$19,900 in 2005. In 2006, Non-Capital Equipment purchases decrease an additional \$13,500 (67.84%) to \$6,400. However, the displays for 2005 and 2006 do not include major capital equipment purchases that are budgeted but not expensed (*please see Footnote Three on the Summary of Revenues, Expenses, Transfers, and Changes in Net Assets as well as the Capital Improvements Section for illustrations and descriptions of these items*).
- Capital equipment purchases (*displayed in Footnote 4 on the Summary of Revenues, Expenses, Transfers, and Changes in Net Assets at the end of this Fund Summary*) will decrease from a budget of \$576,000 in 2004 to \$507,000 in 2005. In 2006, a further decrease of \$112,000 (22.09%) to a total of \$395,000 will occur. The 2004 Budget included the purchase of a Fire Department apparatus that will not be repeated in 2005. The 2005 budget does however, include several expensive vehicle purchases including an Ambulance and a Front End Loader Truck (*please see the Public Works Department Summary on Pages 197-217 for a full description of the vehicles and equipment that will be purchased in 2005 and 2006*). The 2006 Budget has fewer expensive vehicle purchases and is therefore less than the 2004 and 2005 budgets.

Changes in Net Assets

Net Assets will increase \$540,689 (14.88%) in 2005 to a total of \$4,185,093. In 2006, Net Assets will increase an additional \$391,041 (9.37%) to a total of \$4,576,135. The Budget for both years is considered balanced in that Net Assets needed for future equipment replacements plus three months Operating Expenses are equal to \$2,080,912 in 2005 and \$2,107,944 in 2006. This leaves Net Assets, less projected capital assets, in excess of the minimum requirement by \$724,702 in 2005 and \$696,712 in 2006.

	<u>FY 2005</u>	<u>FY 2006</u>
Ending Net Assets, Less Projected Capital Assets	\$2,818,864	\$2,814,906
Minimum Net Assets Required for Future Equipment Replacement plus Three Months Operating Expenses	2,080,912	2,107,944
Net Assets in Excess of Minimum Requirements	\$737,952	\$706,962

Central Garage Fund
Summary of Revenues, Expenses, Transfers, and Changes in Net Assets
Fiscal Year 2002 Actual through Fiscal Year 2006 Budget

	FY 2002 Actual	FY 2003 Actual	FY 2004 Amended Budget	FY 2004 Projected Actual	FY 2005 Approved Budget	FY 2006 Approved Budget
Beginning Total Net Assets⁽¹⁾	\$ 2,657,513	\$ 3,188,743	\$ 3,308,796	\$ 3,308,796	\$ 3,644,404	\$ 4,185,093
<i>Operating Revenues</i>						
Charges for Services	22,733	23,454	229,965	178,225	92,000	92,000
Miscellaneous	39,578	38,855	32,440	32,440	50,175	58,875
Interfund Charges	791,026	772,079	762,093	566,536	811,038	651,353
Total Revenues	853,337	834,388	1,024,498	777,201	953,213	802,228
<i>Operating Expenses</i>						
Public Works	368,816	375,466	411,145	407,793	455,124	467,287
Non-Capital Equipment	169,433	305,722	72,550	72,550	19,900	6,400
Total Operating Expenses	538,249	681,188	483,695	480,343	475,024	473,687
Operating Income (Loss)	315,088	153,200	540,803	296,858	478,189	328,541
<i>Non-Operating Revenues (Expenses)</i>						
Investment Income	52,851	37,858	100,000	38,750	62,500	62,500
Total Non-Operating Revenues (Expenses)	52,851	37,858	100,000	38,750	62,500	62,500
Net Income, Before Depreciation	367,939	191,058	640,803	335,608	540,689	391,041
<i>Depreciation⁽²⁾</i>	<i>(83,558)</i>	<i>(71,005)</i>	-	-	-	-
Change in Net Assets	284,381	120,053	640,803	335,608	540,689	391,041
Ending Net Assets⁽³⁾	\$ 2,941,894	\$ 3,308,796	\$ 3,949,599	\$ 3,644,404	\$ 4,185,093	\$ 4,576,135

Notes

- (1) Net Assets equal Total Assets less Total Liabilities
- (2) The Village does not budget Depreciation so it is not reflected in the Budget columns.
- (3) Minimum Ending Net Assets established for the Central Garage Fund are equivalent to future equipment replacement needs plus three months of operating expenditures. According to Village Policy, the Budget is considered balanced if Ending Net Assets (less Projected Capital Assets) are higher than the minimum Fund Balance. The minimum amounts for 2005 and 2006 equal:

	FY 2005	FY 2006
Future Equipment Replacement	\$ 1,967,131	\$ 1,991,123
Three Months Operating Expenses	113,781	116,821
Total Minimum Fund Balance	\$ 2,080,912	\$ 2,107,944
Ending Net Assets	4,185,093	4,576,135
Projected Ending Capital Assets	1,366,229	1,761,229
Projected Ending Unrestricted Net Assets	2,818,864	2,814,906

- (4) Budgeted but Non-Expensed Items include Capital Equipment Purchases, illustrated below

	FY 2002 Actual	FY 2003 Actual	FY 2004 Amended Budget	FY 2004 Projected Actual	FY 2005 Approved Budget	FY 2006 Approved Budget
<i>Budgeted, Non-Expensed Items</i>						
Capital Expenditures	-	-	576,000	-	507,000	395,000
Budgeted, Non-Expensed Items Total	\$ -	\$ -	\$ 576,000	\$ -	\$ 507,000	\$ 395,000